Agenda

1. Department Updates
2. Strategic Plan Update
3. CCDF Plan Update
4. Federal Funding Overview
Current State of Child Care

Child Care Re-Opening Trends
(Family Child Care & Group/School Age)

<table>
<thead>
<tr>
<th>Region and Type</th>
<th># programs pre-COVID</th>
<th># programs open June 6</th>
<th>% Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Western FCC</td>
<td>873</td>
<td>716</td>
<td>82%</td>
</tr>
<tr>
<td>1 – Western GSA</td>
<td>394</td>
<td>320</td>
<td>81%</td>
</tr>
<tr>
<td>2 – Central FCC</td>
<td>1157</td>
<td>1003</td>
<td>87%</td>
</tr>
<tr>
<td>2 – Central GSA</td>
<td>522</td>
<td>476</td>
<td>91%</td>
</tr>
<tr>
<td>3 – Northeast FCC</td>
<td>1296</td>
<td>1108</td>
<td>85%</td>
</tr>
<tr>
<td>3 – Northeast GSA</td>
<td>675</td>
<td>635</td>
<td>94%</td>
</tr>
<tr>
<td>5 – Southeast &amp; Cape FCC</td>
<td>938</td>
<td>800</td>
<td>85%</td>
</tr>
<tr>
<td>5 – Southeast &amp; Cape GSA</td>
<td>614</td>
<td>591</td>
<td>96%</td>
</tr>
<tr>
<td>6 – Metro Boston FCC</td>
<td>1066</td>
<td>956</td>
<td>90%</td>
</tr>
<tr>
<td>6 – Metro Boston GSA</td>
<td>687</td>
<td>610</td>
<td>89%</td>
</tr>
</tbody>
</table>

Economic and Employment Trends

- In surveying of MA employers, over 70% are concerned about sustaining their female workforce.
- State’s ability to address its child care crisis is a predictor of women’s labor force return.
- Women’s labor force participation is a key driver for economic growth.

Operational Strains for Providers

- Many providers can’t operate at full capacity due to staffing shortages.
- Family Child Care losing ~$600 average per month (Dec ‘20).
- Center Based losing ~$6,000 average per month (Dec ‘20).
- Of all potential priorities for operational spending, programs cited increases to educator wages and income as highest (March ‘21).

Capacity Updates

209,102 licensed capacity slots are now estimated to be available based on current LEAD data, representing 90% of EEC licensed capacity pre-COVID (as of June 6, 2021).

Who is the Child Care Workforce?

Bipartisan Policy Center Feb 2021

- 92% female
- 41% people of color
- 47% more than HS degree
EEC invested $30M in state funding to address compensation for the workforce who provided in-person education and supports throughout the pandemic to date.

**Center-Based Workforce Grants**
- **Eligibility:** Center-based providers who served at least one subsidized child since 7/1/18 (1,378 or ~50%)
- Funds distributed based on capacity
  - $150 * licensed capacity; $30 per remote learner bonus if open for remote learning supports
  - 90% of funds must be used to support compensation for staff directly serving children

**Family Child Care Facilities Grants**
- **Eligibility:** All Family Child Care providers (5,500)
- Flat grant per provider
  - $3,000/home; $150 bonus if open for remote learning support
  - Funds to address health and safety program investments or quality enhancements; can reimburse themselves for improvements already made or invest in new enhancements
EEC extended the deadline for the Center-Based Workforce and Family Child Care Facilities grants to June 11, 2021, to ensure as many eligible providers as possible can take advantage of this opportunity.

EEC has been working in coordination with PCG to provide technical support to providers:

**PCG Technical Support (as of 6/18/21):**
- Total email responses: 4,197
- Total phone calls: 3,784 (1,115 Spanish, 24 Portuguese)
- Total voicemails: 1,935 (612 Spanish, 5 Portuguese)

EEC is continuing to take feedback from the field on this process and will assess improvements to ongoing support as we plan for future grants.

<table>
<thead>
<tr>
<th></th>
<th>Center-Based Workforce*</th>
<th>Family Child Care Facilities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>594</td>
<td>2,556</td>
</tr>
<tr>
<td>In Progress</td>
<td>522</td>
<td>1,009</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,116 (80% of eligible)</td>
<td>3,565 (65% of eligible)</td>
</tr>
</tbody>
</table>

*As of 6/6/21*
COVID-19 Recovery Updates & Policy Proposals

On May 29, 2021, EEC rescinded its COVID-19 specific requirements to eliminate any specific health and safety restrictions on programs. **EEC proposes to maintain the following flexibilities to support program operations and family access in the months ahead.**

<table>
<thead>
<tr>
<th>Updates &amp; Context</th>
<th>Policy Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidies</strong></td>
<td></td>
</tr>
<tr>
<td>• EEC is projecting up to ~$120M surplus in the caseload account due to fluctuations in enrollment.</td>
<td>• Continue to make subsidy payments based on enrollment rather than attendance</td>
</tr>
<tr>
<td>• Surplus funding will be transferred to an operational reserve account to support FY22 operational supports.</td>
<td>• Continue to offer 6-month provisional authorizations for families without employment requirements</td>
</tr>
<tr>
<td></td>
<td>• Continue to allow providers to discount tuition prices as needed</td>
</tr>
<tr>
<td><strong>Licensing</strong></td>
<td></td>
</tr>
<tr>
<td>• EEC implemented many expedited processes during COVID that have streamlined regulatory and bureaucratic requirements for small child care businesses.</td>
<td>• Return to monitoring cycle and in-person monitoring visits after July 2, 2021, in consultation with SEIU</td>
</tr>
<tr>
<td>• EEC is working on a revised set of licensing regulations that are expected to be ready for review this summer, integrating learnings from COVID.</td>
<td>• Maintain expedited procedures for renewing, modifying or applying for new child care licensure</td>
</tr>
<tr>
<td></td>
<td>• Continue to defer licensing fees through FY22 (approx. $900k/year collected from child care licensing fees)</td>
</tr>
<tr>
<td></td>
<td>• Waive enforcement of some health and safety requirements as recovery evolves (e.g. requiring providers to brush children’s teeth)</td>
</tr>
<tr>
<td><strong>Workforce</strong></td>
<td></td>
</tr>
<tr>
<td>• Despite relaxed workforce requirements during COVID, workforce shortages account for the biggest constraint on capacity during recovery.</td>
<td>• Waive enforcement of specific regulations related to educator requirements (and disseminate guidance through policy) to minimize barriers for participation in the EEC workforce (e.g. specific staff qualifications and coursework requirements)</td>
</tr>
</tbody>
</table>
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Strategic Plan Goals Hold Steady

Children, Youth, Families

Children are on track for success in school and to reach their full potential. Their families are empowered to work, build their skills, and attain economic mobility while supporting their children’s education and development.

Educators

The early childhood and out-of-school time workforce is professionally prepared, well supported, adequately compensated, and culturally and linguistically representative of the population it serves.

Programs

Programs will increase their sustainability, engage in continuous quality improvement, and promote high-quality education and healthy development among children and youth.

System

To efficiently and effectively steward public investments in early education and care with utmost integrity, transparency and accountability to the people of Massachusetts.

EEC engaged with over 7,000 voices through strategic plan re-launch and engagement
Strategic Plan Implementation Highlights

Cross-Pillar Achievement Highlights from the Past Year

✓ **Built innovation in the subsidy system** to support access for families and stability for providers

✓ **Provided support for summer learning** grants to expand school readiness strategies during pandemic recovery

✓ **Launched key workforce improvements**, including credentialing system, Professional Registry system, and new Background Record Check regulations and policies

✓ **Sustained 88% of programs throughout the pandemic** by providing funding flexibility and technical support

✓ **Designed and launched workforce and operational funding strategies** to rebuild capacity and increase quality across the field

✓ **Began cross-sector collaboration to examine intersecting issues across child care**, business, and workforce domains

EEE will use **multiple mechanisms to enact change across each strategic plan pillar** in FY22, including rebidding contracts, collecting and analyzing new data, and leveraging public-private partnerships.
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CCDF Plan Overview

- In order to receive CCDF funds, Federal law requires all States to submit a State Plan every three years to summarize its child care programs and certify its compliance with CCDBG requirements.
- **The CCDF plan is a living document, that EEC will update as key initiatives change.**
- The engagement EEC facilitated through its Strategic Action Plan Engagement Portal has driven the development of this plan, and the **CCDF plan is firmly rooted in strategic plan goals.**
- **EEC is collecting feedback on the state plan through June 22\textsuperscript{nd}.** The final version will be posted on the EEC Engagement Portal on June 28\textsuperscript{th}.

## CCDF Highlights by Strategic Plan Pillar

### Children, Youth, Families
- New parent fee chart
- Efforts to achieve affordability and access for families from low-income households, including subsidy policies EEC implemented during the COVID-19 emergency

### Educators
- Credentialing Framework
- Career Pathways and the process EEC is undergoing to develop a robust professional road map
- EEC’s streamlined background record check processes

### Programs
- Business support for programs
- Outlines mental and behavioral health supports
- Early Childhood Support Organization (ECSO) Initiative piloting targeted instructional leadership coaching

### System
- QRIS redesign
- Assess Market Rates and Cost of Child Care
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Federal Funding for Childcare

EEC will continue to use federal funding to maximize support for providers, educators, children and families throughout FY22 and FY23.

<table>
<thead>
<tr>
<th>Year</th>
<th>Receives</th>
<th>Obligates</th>
<th>Liquidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>CRRSSAA: $131.1M</td>
<td>ARPA CCDBG: $196.2M</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ARPA Stabilization: $314.4M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>ARPA CCDBG</td>
<td>ARPA Stabilization</td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2024</td>
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</tbody>
</table>

**ARPA Child Care Stabilization**

Distribute 6 months of direct grants to providers to support their operational capacity (see next slides for more information).

**Key Requirements from Federal Legislation:**

- 90% of funds must be distributed as direct grants to providers.
- Eligible child care providers are those that were licensed or approved as of 3/11/21

**CRRSSAA CCDBG**

Included in the Supplemental Budget Request; proposed spending considerations for FY22 may include:

- Provider supports
- System-level Workforce Investments
- Technology investments for future innovation flexibility

**ARPA CCDBG**

Pending recommendations of the Legislature's Economic Review Commission, EEC will develop a spending plan with priorities that may include:

- Provider supports
- System-level Workforce Investments
- Scaling business and innovation incentives for providers

*Our focus for today's discussion*
### Key ARPA Child Care Stabilization Requirements:
- States must distribute 90% of funding as direct grants to providers.
- States should obligate at least 50% of funding by December 2021.
- Eligible child care providers were licensed (either open or closed due to COVID-19) as of 3/11/21.

### Key Features of Grant Funding Proposal
- At least $225M and up to $283M (90%) of total ARPA Child Care Stabilization funding
- Distributed in six monthly payments beginning in July to support a percentage of operating costs, targeting ~10% of costs as a baseline
- Funding amounts determined via simple formula accounting for capacity and staffing costs
- Operates in addition to current state funding (does not replace or alter existing subsidy system)
- Goes to all licensed programs, based on capacity and adjusted to account for equity

### Guiding Principles

<table>
<thead>
<tr>
<th>Short Term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stability</td>
<td>Help programs continue to operate capacity</td>
</tr>
<tr>
<td>Adequacy</td>
<td>Support healthy finances to sustain operations despite enrollment fluctuations</td>
</tr>
<tr>
<td>Equity</td>
<td>Focus on bolstering capacity in vulnerable and minority communities; support minority owned businesses</td>
</tr>
<tr>
<td>Simplicity</td>
<td>Avoid creating heavy burden on providers</td>
</tr>
</tbody>
</table>
• COVID has reinforced the necessity for improving business stability for child care and identifying a different financing model.

• **EEC has engaged Third Sector Capital Partners to build a formula methodology** that draws on existing work completed by EEC during strategic planning and develop an economic model to evaluate the impact of a capacity-based formula grant.

• EEC has hosted a series of engagement sessions and focus groups to inform C3 formula design:

<table>
<thead>
<tr>
<th>Key Feedback from Field</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The need for sufficient funds to ensure programs can continue operating is urgent</td>
</tr>
<tr>
<td>• The process for receiving funds needs to be clear, simple, and straightforward</td>
</tr>
<tr>
<td>• Program location alone cannot identify all programs enrolling underserved children and families</td>
</tr>
</tbody>
</table>
Commonwealth Care for Children (C3) Formula

Key Formula Components:

- **Starting amount will be based on a percentage of operating costs.** This would be adjusted for programs that have higher investments in staff and those serving vulnerable communities.
- All elements of the formula have been vetted to **evaluate the impact on equity, distribution across the Commonwealth, and funding for Gateway Cities**
- **Equity Adjustment** helps account for those serving vulnerable communities and children.
- Formula uses **Social Vulnerability Index (SVI) as an indicator of community need**; allows for outliers where needed.
- Funds to small business will be targeted by factoring in the relative compensation of the CEO compared to the educators.
- Third Sector will test model to inform ongoing efforts and the recommendations of the Economic Review Commission.

**EQUATION = BASE AMOUNT + Equity Adjustment**

**EEC is considering the feasibility of capping or otherwise reducing payments for programs with an unacceptably high level of CEO compensation relative to educator compensation.**

**Base Amount**

- $(\text{starting amount} \times \text{Licensed Capacity for GSA (or flat amount for FCC) - not enrollment} \times \text{Multiplier for Educator/ Licensed Capacity Ratio})$

**Equity Adjustment**

- **Level 1:** $(\text{Base Amount} \times 25\%)$ if...
  - SVI >=.55 and <.75 OR
  - 33 - 66% of enrolled children receive subsidies

- **Level 2:** $(\text{Base Amount} \times 35\%)$ if...
  - SVI >=.75 OR
  - >66% of enrolled children receive subsidies
What is the SVI?

SVI Context

• SVI = The Social Vulnerability Index

• SVI is a comprehensive metric developed by the CDC

• SVI Scores are from 0 to 1 - relative to Massachusetts only

• Takes into account 15 variables at the census tract level

• In a perfect world - the formula could reflect actual enrollment - but the SVI is one way to make our best guess of who each provider is serving

SVI Variables

Socioeconomic Status
- Below Poverty
- Unemployed
- Income
- No High School Diploma

Household Composition & Disability
- Aged 65 or Older
- Aged 17 or Younger
- Older than Age 5 with a Disability
- Single-Parent Households

Minority Status & Language
- Minority
- Speaks English "Less than Well"

Housing Type & Transportation
- Multi-Unit Structures
- Mobile Homes
- Crowding
- No Vehicle
- Group Quarters
Next Steps